

example, a state should not be permitted to redefine the distinction between interstate and intrastate traffic in a manner that would permit the assessment of federal and state universal service obligations on greater than 100 percent of a carrier's revenues. Such double-counting would violate the requirement that carriers contribute "on an equitable and nondiscriminatory basis" to both federal and state universal service programs.<sup>54</sup>

Finally, GTE would also note that prompt guidance from the Commission with respect to the issues raised by CTIA would be advisable in view of the September 1, 1997 due date for the universal service worksheet.<sup>55</sup> Because CMRS providers have not yet received adequate guidance concerning how to determine the jurisdictional nature of their revenue streams, unless the due date for the worksheet is postponed, the Commission should as a minimum be aware of this issue as it reviews those filings. It certainly would be advisable to rule on the CTIA petition or otherwise provide the necessary guidance prior to the next such filing deadline.

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(...Continued)

request it to abandon this fundamental principle of the Telecom Act. See Petition of Western Alliance at 2-6.

<sup>54</sup> See 47 U.S.C. §§ 254(d) and (f).

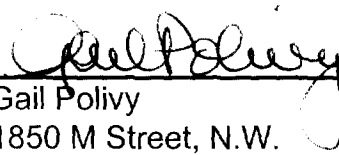
<sup>55</sup> Public Notice, FCC Announces Release of Universal Service Worksheet, FCC Form 457, CC Docket Nos. 97-21 and 96-45 (released August 4, 1997). The Commission should also institute appropriate arrangements for protecting the confidentiality of carrier data contained in the worksheets.

## **XI. CONCLUSION**

To establish universal service support mechanisms that will ensure the delivery of affordable telecommunications service to all Americans in compliance with the Telecom Act, the Commission should act on the pending petitions for reconsideration consistent with the recommendations herein.

Respectfully submitted,

GTE SERVICE CORPORATION  
and its affiliated domestic telephone  
operating, wireless, and long distance  
companies.

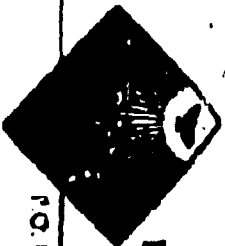


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## **ATTACHMENT A**



**TelHawaii, Inc.**

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ALL 01 1997

July 25, 1997

The Honorable Commissioner Naito and Yamada  
The Public Utilities Commission  
of the State of Hawaii  
465 S. King Street, Suite 103  
Honolulu, HI 96813

Re: FCC Memorandum Opinion and Order Released July 16, 1997

Dear Commissioner Naito and Yamada:

TelHawaii, Inc. is pleased to report that on July 16, 1997, the FCC granted TelHawaii's requested study area waiver. In so doing, the FCC found that it is in the public interest to grant the study area waiver as the service planned by TelHawaii should improve customer services in the Ka'u area.

The grant of the study area waiver means that TelHawaii will bring to Hawaii higher support mechanisms that have not been previously available in Hawaii in order to offset the cost of providing service in a high cost area. This includes cost separations rules that transfer a portion of the local exchange company's central office equipment investment and related operating expenses to the carrier's interstate operations. Coupled with TelHawaii's ability to procure low-cost financing, this results in lower local and interstate rates than those currently charged by GTE Hawaiian Tel. These benefits are not subject to any time delays so that TelHawaii will obtain these benefits immediately.

TelHawaii will also bring national universal service funds (USF) to Hawaii, based on TelHawaii's actual 1997 costs. The FCC rejected GTE's claim that the USF amount TelHawaii has requested is not accurate, agreed with TelHawaii that the request for \$2,194,725 is accurate, and that this net increase in USF would not have a substantial adverse impact on the USF pool.

The FCC did not agree to expedite TelHawaii's USF draw through waiver of the normal two-year lag. TelHawaii addressed this possibility in its proposal to the Commission, where TelHawaii stated that if TelHawaii was not granted a waiver for expedited receipt of USF support, the USF timing question should not impact the overall rate calculations, other than to

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<sup>1</sup> This assumes that we obtain a favorable ruling from the Hawaii Supreme Court on GTE Hawaiian Tel's appeal from the Hawaiian Public Utilities Commission's decision in Order 14789.

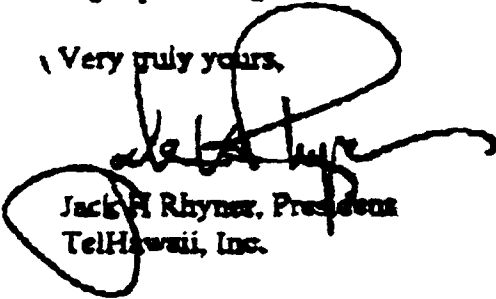
Commissioner Naite and Yamada  
The Public Utilities Commission of the State of Hawaii

July 25, 1997  
Page 2

present potential additional cash working capital requirements for a short period of time. TelHawaii reconfirms in this letter that the FCC's refusal to waive the normal two-year lag rule only presents short-term additional cash working capital requirements, and does not affect TelHawaii's ability to provide the promised service at the promised rates from the inception of service.

Once again, we are very pleased with the FCC Order. Assuming the Commission obtains a favorable ruling from the Hawaii Supreme Court on the appeal of the Hawaii Public Utilities Commission's Order 14789, we will be prepared to institute our eminent domain action and to begin providing service in the Ke'u area.

Very truly yours,



Jack H. Rhyner, President  
TelHawaii, Inc.

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I, Susan M. Brunson, hereby certify that the foregoing Comments on Petitions for Reconsideration in CC Docket No. 96-45 was mailed via first-class mail this 19<sup>th</sup> day of August, 1997 to:

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